



## QUARTERLY ACTIVITIES REPORT

27 April 2018

27 April 2018

NSL Consolidated Limited (the "Company" or "NSL") (ASX: NSL), is pleased to provide its quarterly activities report for the period ended 31 March 2018.

### MARCH QUARTER HIGHLIGHTS

- Deliveries of premium filter cake grading ranging from 58-61% Fe commenced to BMM Ispat Ltd ("BMM") and JSW Steel ("JSW"), whilst continuing to Minera.
- Mining contractor fleet deployed ahead of commencement towards full-scale mining at AP26 and Mangal mines.
- Government of Andhra Pradesh (GoAP) Cabinet and Commerce Department approved the allocation of 20 acres of land adjacent to the NSL stockyard. This land will be utilised for the purposes of the upcoming Phase 3 wet plant expansion and laying of a bypass road.
- NSL successfully obtained a GST credit under the GST transition period in India, totalling INR 19,971,831.
- Approximately 7,000 tonnes of 59% Fe stockpiled for sale into existing customer orders, with the majority produced in latter March.
- Raymond Betros appointed Non-Executive Director post the quarter end.

### March Quarter Management Commentary

**NSL's Managing Director and CEO, Cedric Goode commented:** "From an operational perspective we finished the March quarter very strongly with the Kurnool plant achieving, and maintaining, a high production level.



“Most pleasingly, we have also seen this production performance continue into April which puts us in a very good position to continue increasing production and sales this June quarter.

## IRON ORE - INDIA

### KURNOOL IRON ORE BENEFICIATION PLANT

#### PHASE 2 WET BENEFICIATION PLANT

A number of key technical improvements were completed at the Phase 2 wet beneficiation plant during February and early March. The plant finished the month of March strongly, with robust operating continuity, consistency and output. The plant consistently produced a 58-60% Fe concentrate from a 30-33% Fe feed grade.

Furthermore, as a result of the strong operating finish to March, NSL had approximately 7,000 tonnes of 59% Fe stockpiled for sale and dispatch into existing customer orders, which together with the anticipated ramping-up of production during April has NSL well-positioned to increase sales in the June quarter.



Plant overview and part stockpiles

## SALES

### **Minera**

The Company dispatched a total of 1,000 tonnes of premium quality filter cake in grades between 58% and 61% Fe to Minera. Minera continues to utilise NSL filter cake into their steel plant process, with the filter cake producing a high-quality pellet.

Minera has communicated that they desire a minimum of 15,000 tonnes per month of premium NSL product for their operations which currently require between 70,000 and 80,000 tonnes per month of iron ore.

### **BMM**

NSL advised the market in February that deliveries have commenced to BMM Ispat Ltd (“BMM”),

As announced previously, the Company had expanded its customer base with the receipt of a 5,000 tonne Purchase Order (**PO**) from BMM for the supply of premium filter cake grading 59-61% Fe, on commercial terms similar to BMMs previous 63% Fe order.

Deliveries commenced to BMM, with the first 500 tonne parcel sent to test the delivery and payment process. This proved successful and further deliveries continue post quarter end, with a total of 800 tonnes of premium quality filter cake in grades between 58% and 61% Fe in the quarter.



Further, the Company advised that it has renegotiated the PO terms to a more favourable position, reflecting the strengthening of the India market.



**BMM Truck loading and dispatch**

The BMM steel complex is approximately 240 kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

Production facilities located at the BMM steel complex include; Integrated Steel Plant, Beneficiation Plant, Pellet Plant, Sponge Iron Plant, Induction Furnace, Rolling Mill and a Power Plant.

**JSW**

As announced on 30 November, the Company further expanded its customer base with the receipt of a 4,000 tonne purchase order (4-5,000 tonne PO's represent normal steel mill ordering size in India), from JSW for premium filter cake grading 58-60% Fe. The order is on commercial terms in line with other customer orders.

Deliveries commenced to JSW Steel in January, with the first 500 tonne parcel sent to successfully test the delivery and payment process.



**JSW Truck loading and dispatch**



JSW is India's leading private sector steel producer and among the world's most illustrious steel companies. It is a circa \$9 billion global conglomerate spread over six locations in India and a footprint that extends to the US, South America and Africa.

The JSW steel complex is approximately 160 kms from NSL operations and located within the Hospet region of Karnataka, southern India's main steel producing belt.

### **ARRIVAL OF MINING CONTRACTOR'S NEWLY PURCHASED FLEET**

Post-quarter end, the Company advised that pursuant to a contractor agreement executed in February, a new mining fleet was purchased by the contractor and deployed to site. At the time of reporting, more than 50% of the equipment has arrived and operating at AP26 and Mangal mines, working towards full-scale operations.



**Part of new fleet on site and operating**

The Company is confident the arrival of this brand-new equipment will provide significant ongoing benefits to NSL's operations, in particular the provision of reliable ROM feed to the beneficiation plant in comparison to the use of small scale local contractors. This is expected to result in positive operational improvements for the business as the reliance on low grade stockpiles and third-party ores is reduced.

### **PHASE 3 WET PLANT EXPANSION: GOVERNMENT OF ANDHRA PRADESH GRANT 20 ACRES OF LAND TO NSL**

During the quarter, the Government of Andhra Pradesh (**GoAP**) Cabinet and Commerce Department approved and instructed the Kurnool District Collector to immediately allocate 20 acres of GoAP land adjacent to the existing NSL stockyard to the Company.

The additional 20 acres is to be utilised for the purposes of the upcoming Phase 3 wet plant expansion and laying of a bypass road.

The allocation of land to support the expansion by the GoAP was a further strengthening of support by the AP Government to the Company and highlights the bona fides of the Company in India.

**CHIEF OPERATING OFFICER DEEMED LOAN REPaid IN FULL**

As announced on 30 December 2016, the Board agreed to provide financial assistance in compliance with Section 260A of the Corporations Act, to COO, Mr Sean Freeman, totalling \$452,500. The loan was in order to assist Mr Freeman to exercise his options expiring 31 December 2016. Note, no actual funds were provided by the Company.

The Company advised on 4 January that the loan had been repaid in full, including associated interest, totalling \$479,650.

**A\$416K GST CREDIT AVAILED**

During the December quarter, the Company completed and submitted an application for a GST Credit in relation to excise duty paid on the import of the Phase two plant capital components. Subsequently, on 23 January the Company announced it had successfully obtained approval and been granted a GST credit under the GST transition period in India, totalling INR 19,971,831. The Company will utilise the GST credit against current and future GST obligations.

The Company also commenced an application for concessional rates on import duty on future capital imports in relation to the Phase Three wet beneficiation plant expansion from 200 ktpa to 400 ktpa.

**LEGAL NOTICE**

The Company was pleased to announce that on 9 February 2018, her Honour Justice Banks-Smith handed down her judgment.

NSL has made an application to seek a contribution to its legal costs from Coal Hub, Subiaco Capital and its two directors, pursuant to a personal undertaking as to costs.

As previously disclosed, the Company received a writ of summons in relation to a Coal Acquisition Agreement dated 15 June 2011 with Birmanie Nominees Pty Ltd (the vendor under the agreement) relating to 4 coal EPCs in Queensland. The writ alleges that NSL has failed to meet various obligations under the Coal Acquisition Agreement.

The trial concluded on 10 August 2017 and her Honour Justice Banks-Smith found that NSL did not repudiate the Agreement, and whilst NSL breached an implied term by certain delays on its part in the circumstances its conduct was not of the nature of a repudiatory breach, therefore Coal Hub is entitled to nominal damages in the sum of \$1,000.

Coal Hub's claim was otherwise dismissed.

**NON-EXECUTIVE DIRECTOR APPOINTED**

Post-quarter end, the Company appointed Raymond Betros as a non-executive director to the board.

Mr Betros is a qualified Chemical Engineer who has extensive experience in senior executive roles specialising in international business, project development and technical management in mining and oil and gas.



## INTERESTS IN MINING TENEMENTS

Project/Tenements	Location	Nature of interest	Held at end of quarter	Acquired during the quarter	Disposed /Lapsed during the quarter
Kuja	Andhra Pradesh, India	Owned	100%	-	-
Mangal	Andhra Pradesh, India	Owned	100%	-	-
AP 23	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-	-
AP 26	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-	-
AP 27	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-	-
AP 3	Andhra Pradesh, India	Mining rights via Royalty based agreement	100%	-	-
TS 1 (formally AP14)	Telangana, India	Mining rights via Royalty based agreement	100%	-	-
EPC 2336	Queensland, Australia	-	-	-	100%

Regards

**NSL Consolidated Limited**

**Cedric Goode**  
**Managing Director/CEO**

**For more information:**

Cedric Goode  
 NSL Consolidated  
 Managing Director/CEO  
 +61400 408 477

**Released through Sam Burns, Six Degrees Investor Relations, +61 0400 164 067**